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CENTURYTEL

T.R.A. DOCKET ROOM

August 31, 2005

Chairman Ron Jones
C/O Charla Dillon
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

RE: CenturyTel of Claiborne, Inc.
TRA Docket No. 05-00235

Dear Mr Jones:

Pursuant to state law Tennessee Code Annotated 65-7-222, CenturyTel of Claiborne, Inc. is required to revise its business rates effective October 1, 2005 to reflect the actual tax equity payment received in 2005

As reflected in the supporting calculations, CenturyTel of Claiborne, Inc has a shortfall and will not flow through its estimated net tax savings to business customers and instead will offset the shortfall. As a result, there are no tariff changes to file.

If you have any questions, please contact me at (318) 362-1538.

Sincerely,



Ken Buchan
Manager – Regulatory Finance

Enclosures

cc: Chantel Mosby

CenturyTel Tennessee Telephone Companies
Property Tax Calculation - Net Pass Through Amount
4th Price Adjustment Effective October 1, 2005

| Ln. | Description | Adamsville | Claiborne | Ooltewah-Collegedale | Amount | Comments |
|-----|---|----------------|----------------|----------------------|-----------------|---|
| 1 | Equity Payment Received - June 29, 2003 | \$ 61,790 | \$ 58,039 | \$ 63,733 | \$ 183,561 | See OSAP 6/29/03 letter and worksheet Reflects 15 months of sales tax collections |
| 2 | Part 36/69 Interstate revenue requirement reduction ** (June 2002 through May 2003) | 17,882 | 15,549 | 22,319 | \$ 55,750 | Effect of Interstate jurisdictional separations - June 2002 Through May 2003 |
| 3 | Net Amt to Flow Through (L1 - L2) | 43,908 | 42,490 | 41,413 | \$ 127,812 | See 1st price adjustment Interstate revenue impact (per company worksheet) |
| 4 | 1st Price Adjustment - 21 month amount January 1, 2002 Through September 30, 2003 | 80,187 | 83,136 | 50,568 | \$ 213,891 | Ln 1 amt Reflected from 1/1/02 - 10/1/03 (21mths) Reflects cumulative amount actually passed through in price adjustments |
| 5 | Net Pass Through Amount For Oct 1, 2003 Through Sept 30, 2004 | \$ (1,153) | \$ (6,653) | \$ 23,976 | \$ 16,170 | Estimated Tax Payment Less Part 36/69 Interstate Costs Less True-up |
| 6 | Total Flow Thru | \$ 79,034 | \$ 76,483 | \$ 74,544 | \$ 230,061 | |
| 7 | Shortfall | \$ (35,126 09) | \$ (33,992 86) | \$ (33,130 52) | \$ (102,249 47) | |
| 8 | Total Equity Payment Received June 21, 2004 | \$ 59,021 | \$ 60,782 | \$ 59,830 | \$ 179,633 | See copies of Attached Checks |
| 9 | Part 36/69 Interstate impact, 6/03 - 5/04 - (L8 * separation factor) ## | 17,084 | 16,253 | 20,916 | \$ 54,253 | See Interstate Part 36/69 Study or use 25% (Interstate)/ 75% (State) separation split Need to provide cost study factor development page if used |
| 10 | Impact to USF support, if applicable (include supporting calculations) | 34,551 | 35,726 | 28,853 | \$ 99,130 | Reflects reduction in Interstate revenue from lower property amt on Co books See attached supporting calculations |
| 11 | Net Tax Savings to Company to be flowed through to business customers (L8-L9-L10) | \$ 7,387 | \$ 8,803 | \$ 10,061 | \$ 26,250 | |
| 12 | Shortfall through 9-30-04 (L7+L11) | \$ (27,739 56) | \$ (25,190 00) | \$ (23,069 91) | \$ (75,999 47) | |
| 13 | Proposed Annual Flow Thru Oct 1, 2004 - September 30, 2005 | 0 | 0 | 0 | 0 | |
| 14 | Total Equity Payment Received July 15, 2005 | \$ 55,127 | \$ 54,966 | \$ 52,463 | \$ 162,555 | See copies of Attached Checks |
| 15 | Part 36/69 Interstate impact, 6/04 - 5/05 - (L14 * separation factor) ## | 15,944 | 14,294 | 18,276 | \$ 48,514 | See Interstate Part 36/69 Study or use 25% (Interstate)/ 75% (State) separation split Need to provide cost study factor development page if used |
| 16 | Impact to USF support, if applicable (include supporting calculations) | 32,260 | 32,483 | 25,543 | \$ 90,286 | Reflects reduction in Interstate revenue from lower property amt on Co books See attached supporting calculations |
| 17 | Net Tax Savings to Company to be flowed through to business customers (L14-L15-L16) | \$ 6,923 | \$ 8,189 | \$ 8,644 | \$ 23,756 | |
| 18 | Shortfall through 9-30-05 (L12+L17) | \$ (20,816 47) | \$ (17,000 75) | \$ (14,426 09) | \$ (52,243 31) | |
| 19 | Proposed Annual Flow Thru Oct. 1, 2005 - September 30, 2006 | 0 | 0 | 0 | 0 | |

Property Taxes are allocated based on Plant in Service in the Separation a study Below are the updated
 ## INTERSTATE factors based on the 2004 cost study
 T033 Claiborne 28 0044%
 T085 Adamsville 28 0221%
 T119 Ooltewah-Collegedale 34 8384%

CenturyTel of Claiborne (T033)
2005 Tennessee Tax Reduction

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| | | |
|---|---|---------------|
| 1 | Total Equity Payment Received June/July 2005 | \$54,966 00 |
| 2 | Jurisdictional Separations Impact (part 36/69) Line 1 * separations factor | (\$14,294) |
| 3 | Impact to USF support, if applicable (include supporting calculations) (note USF impact calculated using \$240 00 NACPL) | (\$32,483) |
| 4 | Net Tax Savings to Company to be flowed through business customers (Line 1 less lines 2 and 3) | <hr/> \$8,190 |